

Message Text

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ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 EB-04 EA-06 SP-02 L-03 INR-05

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 9301

INFO AMEMBASSY TOKYO

C O N F I D E N T I A L LIMA 2598

LIMDIS

E.O. 11652: GDS

TAGS: EFIN PE JA

SUBJ: JAPANESE VIEWS ON PERUVIAN FINANCIAL CRISIS

REF: STATE 77638

1. SUMMARY: JAPANESE AMBASSADOR KIMOTO TOLD US THAT GOJ IS NOT PRESSURING PRIVATE JAPANESE BANKS AND THAT THEY ARE LIKELY TO FOLLOW U.S. LEAD. POSSIBLE ROLLOVER OF PUBLIC DEBT TO JAPAN PREDOMINANTLY INVOLVES PAYMENT FOR OIL PIPELINE, AND JAPAN TAKING PRACTICAL VIEW. KIMOTO HAD NO CLEAR INFORMATION ON POSSIBLE PARIS CLUB MEETING, BUT HIS PERSONAL VIEW IS THAT IF THE U.S. AND OTHERS WERE TO GO TO PARIS, JAPAN WOULD HAVE TO GO ALONG AS WELL. END SUMMARY.

2. IN RESPONSE TO REFTEL, DCM AND I DISCUSSED CURRENT PERUVIAN FINANCIAL CRISIS WITH JAPANESE AMBASSADOR KIMOTO ON MARCH 27. KIMOTO TOOK VERY HARDHEADED VIEW OF JAPANESE ECONOMIC INTERESTS IN PERU, REPEATING SEVERAL TIMES THAT JAPAN WOULD NOT PUT GOOD NEW MONEY INTO PERU TO TRY TO SALVAGE CURRENT PRECARIOUS FINANCIAL SITUATION. ALTHOUGH HE ACKNOWLEDGED AVAILABILITY OF SUBSTANTIAL LIQUIDITY IN THE JAPANESE
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BANKING SYSTEM, KIMOTO STATED THAT THE JAPANESE PARLIAMENT AND PEOPLE WOULD NEVER ACCEPT THE USE OF HARD-EARNED JAPANESE RESOURCES TO RECTIFY THE ECONOMIC PROBLEMS ENCOUNTERED BY THE GOP. IN ANY EVENT, HE AGREED JAPANESE BANKS ARE ON THEIR OWN IN DOING BUSINESS IN PERU, AND WOULD NOT BE PRESSURED BY THE GOJ. KIMOTO SAID THE JAPANESE BANKS WOULD FOLLOW THE LEAD OF THE U.S. BANKS IN CURRENT

NEGOTIATIONS TO ROLLOVER \$260 MILLION OF LOANS COMING DUE THIS YEAR.

3. THE ISSUE OF ROLLOVER OF OFFICIAL DEBT FOR JAPAN CENTERS ON PAYMENT FOR THE OIL PIPELINE. AS OF SEPTEMBER 1, 1978, THE GOP IS SCHEDULED TO BEGIN PAYMENTS IN OIL AT THE RATE OF 60,000 BARRELS A DAY FOR FIVE YEARS, FOLLOWED BY 80,000 BARRELS A DAY FOR THE ENSUING FIVE YEARS. KIMOTO INDICATED A DIFFERENCE OF INTERPRETATION BETWEEN PERU AND JAPAN AS TO WHAT OIL IS ELIGIBLE FOR PIPELINE PAYMENTS. APPARENTLY, THE GOP IS CONSIDERING ONLY OIL FOR EXPORT THAT COMES THROUGH THE PIPELINE, WHILE JAPAN WILL TAKE OIL FROM ANY SOURCE, AND IF NOT OIL THEN CASH. KIMOTO LEFT THE CLEAR IMPRESSION, HOWEVER, THAT JAPAN WOULD BE FLEXIBLE IF IN FACT PERU IS NOT EXPORTING LARGE QUANTITIES OF OIL BY SEPTEMBER, PARTICULARLY IN VIEW OF THE HIGH LEVEL OF OIL STOCKS NOW BEING HELD IN HAPAN. WITH REGARD TO OTHER FORMS OF OFFICIAL EXPORT CREDIT, KIMOTO INDICATED THAT JAPAN WOULD LIKELY TAKE A PRACTICAL VIEW IF FACED WITH PRESSURE TO ROLLOVER OR RESCHEDULE CREDITS, SINCE JAPANESE CREDITS OFTEN INVOLVE COMPLICATED ARRANGEMENTS, INCLUDING PAYMENT THROUGH EXPORTS OF RAW MATERIALS. AT THIS POINT, HOWEVER, JAPAN IS TAKING A VERY CAUTIOUS VIEW OF NEW EXPORT CREDITS TO PERU.

4. KIMOTO HAD NO CLEAR INFORMATION ON A POSSIBLE PERUVIAN
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REQUEST FOR A PARIS CLUB DEBT RESCHEDULE, NOR ANY INSTRUCTIONS FROM TOKYO. HOWEVER, HIS PERSONAL VIEW WAS THAT IF THE U.S. AND OTHERS WERE TO GO TO PARIS, JAPAN WOULD HAVE TO DO LIKEWISE.
SHLAUDEMAN

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